DP/1999/CRP.8
11 May 1999

ORIGINAL: ENGLISH

Annual session 1999
14-23 June 1999, New York
Item 15 of the provisional agenda
UNDP

FIELD VISITS

MISSION REPORT

UNDP/UNFPA EXECUTIVE BOARD

Field visit to Brazil

(20-28 February 1999)

I. INTRODUCTION

1. The present report outlines the general findings of the field visit to Brazil undertaken by a team of 17 members of the 1999 Executive Board of UNDP and UNFPA. The team was composed of 12 representatives from the Permanent Missions to the United Nations (Belarus, Cuba, Czech Republic, Denmark, Ghana, Guatemala, Ireland, Kyrgyzstan, Republic of Korea, Russian Federation, Switzerland, the United States of America) and five governmental officials from the capitals of Botswana, Canada, France, Germany and the United States of America.[1]

2. The mission was accompanied by Ms. Soheyla Chahkar-Farhang, Director, Executive Board Secretariat. Ms. Nadia Hijab from the UNDP Operations Support Group also joined the mission and participated in the meetings.

3. The team would like to extend its appreciation to the Brazilian governmental authorities for their warm hospitality and for the time they devoted for discussion of the various issues of interest to the team. The team would also like to thank the United Nations Resident Coordinator and UNDP Resident Representative to Brazil, Mr. Walter Franco, and Mr. George Walmsley, UNFPA Resident Representative in Brazil, for sharing their extensive knowledge and experience and for their assistance in organizing meetings with other

relevant development partners. The team would also like to thank the rest of the UNDP country office and the team's translators.

4. Report observations are based on the information provided by the UNDP and UNFPA country offices, including UNDP and UNFPA project personnel in the north-east of Brazil (Fortaleza, Recife, Joao Pessoa) and Rio de Janeiro, representatives of other United Nations agencies, the World Bank, the Inter-American Development Bank, federal as well as state government officials, non-governmental organization (NGO) officials, and other officials of the private sector.

II. BACKGROUND INFORMATION

5. The field visit team was struck by the enormous political and economic uncertainty in the aftermath of the January 1999 devaluation of currency in the country. Although the devaluation reduced the immediate chances for a more serious financial crisis, the economy has yet to stabilize. Policy makers are faced with the conflicting needs of preventing a surge in inflation and lowering interest rates. The devaluation will cause the mild recession previously predicted for 1999 to be sharper and longer as domestic consumption is squeezed by higher interest rates, declining real wages, and the higher cost of imports. Unemployment is expected to rise as private companies reduce payrolls and government employment is constrained by the need for fiscal discipline in the face of chronic deficits at the federal and state levels. On the positive side, four years of relative stability under the Real Plan from 1994-1998 have brought about a restructuring and strengthening of the economy, increasing the competitiveness of industry and the soundness of the financial sector.

6. Discussion in the team's meetings highlighted the enormous contrasts and paradoxes in Brazil, a country which will soon be entering net contributor country (NCC) status. The eighth largest economy in the world, with a per capita gross national product (GNP) level exceeding that of Hungary,[2] nevertheless, Brazil ranks sixty-second in the world in terms of its human development index (HDI), according to the Human Development Report 1998. Despite strong bonds of language and culture, Brazilian society is sharply divided. Income distribution is highly skewed, with the richest 10 per cent of the population holding 63 per cent of the wealth and the poorest 50 per cent holding only 11.6 per cent. The fact that working women are better educated than working men (28 per cent have at least a high school diploma compared to just 19 per cent of working men) yet earn only 60 per cent as much points to serious gender inequities. The team also noted the regional divisions in Brazil. The team visited the north-eastern region, which has an HDI of 0.596, comparable to the HDIs of Nicaragua and the Republic of the Congo, as well as the more developed south-eastern region, which has an HDI of 0.853, comparable to the HDIs of Poland and Hungary.[3]

7. Brazil has achieved progress in reducing social inequities, rising from an HDI of 0.494 in 1970 to 0.809 in 1995. The current Government of Brazil has stated its commitment to reducing social inequalities. The current economic downturn and continuing economic instability, however, threaten the progress

achieved, including the significant progress achieved under the Real Plan, since the brunt of the economic slump is likely to fall on the poor and women.

III. UNDP PROGRAMMATIC AREAS

8. In accordance with its first country cooperation framework (CCF), which was approved by the Executive Board at its third regular session 1997, UNDP focuses on three thematic areas:[4]

(a) Social cohesion and poverty reduction. UNDP promotes anti-poverty strategies and equality, the creation of enabling conditions for sustainable human development (SHD), with a key strategy being the replication of successful programmes in one region in another. For example, UNDP seeks to promote sustainable livelihoods through innovative, community-based entrepreneurial projects such as those under the Training Programme on Sustainable Local Development in the poor north-eastern part of the country. In one state alone, these projects have trained 2,500 producers and technicians in small business issues and have benefited 35,000 families directly. UNDP is also active in education, health, and sanitation;

(b) Environment. Environmental issues have been central in the Brazilian SHD context following the 1992 United Nations Conference on Environment and Development in Rio de Janeiro and because of the critical environmental problems facing Brazil such as the deforestation of the Amazon. UNDP programmes in Brazil promote sustainable environmental development in four areas: (i) alternative energy sources, climate change, and measures to combat desertification and land degradation; (ii) urban development, sanitation, and industrial pollution control; (iii) preservation of forests and biodiversity; (iv) water resources and coastal protection. The 1999-2001 programming cycle envisages the improvement of environmental policies, legislation, planning and decision-making tools, reinforcement of human and institutional resources, and coordination measures aimed at fulfilment of Brazilian international environmental commitments. A key example of UNDP's environmental work is a depollution effort in Guanabara Bay;

(c) Governance. UNDP is engaged in creating conditions for SHD by assisting government agencies in fulfilling regulatory duties, providing services, and implementing social policies. UNDP is also involved in inputs to the broad policy framework for SHD and strategic planning. UNDP is playing an important part in a major project to reform the Federal Government. It is also supporting fiscal decentralization as well as fiscal reform and strengthened tax collection at the state level. In the area of human rights, the work of UNDP includes a project with the Ministry of Justice at the federal level and with NGOs at the grass-roots level in promoting access to social services and the mainstreaming of marginalized groups into the social fabric.

9. It is clear that many governmental structures in Brazil need reform in order better to influence the aim of SHD. The Government of Brazil appears to be aware of this and seems to have a sensible and pragmatic approach to the reform of governmental structures. An important contribution from UNDP seems to be to ensure that projects under national execution do not suffer delays in

implementation because of problems in procurement arrangements and the recruitment of personnel. The team visited projects initiated by the Government with significant input in design from UNDP. This interaction between UNDP staff and government staff at the federal, state, and municipal levels allows UNDP to exercise a decisive influence in the area of governance. It was clear, in the context of the projects visited, that the Government, at the federal, state, and local levels appreciates the role of UNDP. In the context of decentralization, there was also pressure for UNDP to expand its operations at the municipal level.

IV. UNDP PARTNERSHIPS IN A NON-CORE-FUNDED COUNTRY PROGRAMME

Federal, state, and local government

10. The team found UNDP to have a close and effective partnership with the Government of Brazil from the technical to the most senior levels. Government officials see UNDP as a "one-stop shop", combining efficiency, trust, and substantive knowledge of development issues. UNDP assists the Government in three broad areas: problem identification and project formulation; support to implementation; and monitoring and evaluation. Relations with the Government have been radically altered by a rise in non-core funding in recent years, from $22 million in 1992 to $258 million in 1998, with government cost-sharing comprising roughly one half of funding.[5] The rise was related to a drop in core funding from $5 million annually in the 1970s to just over $533,505 in 1998, the result of Brazil's declining share of TRAC resources, owing to its rise in per capita GNP as well as the overall decline in core resources. Since 1992, national execution has progressively become the sole modality of project execution, giving the government not only the central role in establishing national development priorities but also in their implementation. The partnership has been strengthened by Brazil's move towards a model of SHD similar to the UNDP model.

11. UNDP has become a highly effective advocate in Brazil for SHD. In 1996, along with 25 national agencies and other United Nations agencies, UNDP used core resources to take the lead in developing for the first time in the national human development report disaggregated data on human development for all 27 states. The analysis was extended to 4,491 municipalities in 1998. The report has attracted widespread media and high-level political attention, raising the public awareness of Brazil's social inequities and generating momentum for new policy initiatives.

12. The shift to national execution and non-core funding has expanded the importance of less traditional UNDP roles. Increasingly, UNDP has become involved in intragovernmental relations, acting as a mediator, facilitator, and guarantor in dealings between Brazilian government entities. During a recent dispute between the Federal Government and a Brazilian state, for example, UNDP played an important role in facilitating disbursement of federal funds for a UNDP programme in that state. UNDP works to promote the integrity and efficiency of internal governmental decisions in the areas of personnel recruitment and hiring as well as the acquisition of training, services, and equipment.[6]

13. The emphasis on non-core resources in the UNDP programme in Brazil has presented both problems and opportunities. Despite the importance of government contributions to local office costs (GLOC) in the biennial support budget, budgetary restraints and disagreements between UNDP and Brazil over rising GLOC are likely to block GLOC payment in 1999. Currently, expenses normally paid for with GLOC funds are covered entirely by the 3 per cent cost-recovery fee. UNDP and Brazilian officials expect future cost-recovery fees to facilitate introduction of the revolving fund system approved under Executive Board decision 99/2. With the strong demand for UNDP services, UNDP believes it can, with the Government's approval, keep project costs down and use the 3 per cent fee to generate $1 to $2 million a year for catalytic investments in innovative projects that can then be funded by another actor.

World Bank and Inter-American Development Bank

14. The phasing out of grant assistance has augmented the relative importance of development loans. World Bank and Inter-American Development Bank (IDB) annual loans to projects in Brazil currently amount to approximately $1.6 billion and $1.5 billion, respectively. The World Bank and IDB each implement approximately $60 million annually via UNDP programmes. With UNDP overseeing roughly $250 million in programmes a year for Brazil, the World Bank and IDB are the source of about one quarter of the funding, with government cost-sharing roughly making up the other half (TRAC composes only 1-2 per cent and is declining). Despite an increasing emphasis in the World Bank and IDB on social sector development in line with the UNDP mandate, interaction between the Banks and UNDP occurs primarily at the technical versus the policy level. World Bank loans are spread over a number of sectors while IDB loans are concentrated in the education and fiscal reform sectors. The relationship of UNDP with the World Bank and IDB is primarily indirect, through UNDP assistance to the Government of Brazil in planning, soliciting, executing, and monitoring World Bank/IDB loans and projects. World Bank and IDB staff complimented the role of UNDP in increasing loan effectiveness and impact in loans with a technical cooperation component, particularly in the areas of disbursement, procurement, and personnel recruitment.

United Nations system

15. The team found that the impact of a number of projects has increased through coordination among United Nations agencies. However, overall coordination in the resident coordinator system was limited. United Nations country team officials believed that the United Nations Development Assistance Framework (UNDAF) might reveal new areas of cooperation but doubted that an UNDAF would significantly improve operational effectiveness in Brazil. Possibilities for broader and deeper coordination were limited by the reliance of a number of United Nations actors on non-core funding. The team observed that the UNDP reliance on non-core funding gave UNDP operations a level of independence from UNDP and the United Nations Development Group (UNDG). Some country team members observed that guidance from UNDP and UNDG was not sufficiently flexible to account for special cases such as the country programme in Brazil. Such guidance should be crafted as tools for development and not as generalized prescriptions with little operational relevance. The UNDP country office reported delays at headquarters in responding to country office requests.

The UNDP Resident Representative observed that, as a matter of general policy, a programme as large as Brazil's should have more frequent Executive Board review and headquarters financial oversight than is currently required.

16. Regarding a possible move to common premises, the UNDP Resident Representative and some country team members supported building a United Nations house on land already donated by the Government. However, other United Nations agencies enjoying free rent from the Government and others owning their own buildings questioned the creation of a United Nations house since it would increase their costs. The sharing of common services was limited.

Donor countries

17. The team found that UNDP has offered its services to donor countries at the technical level. The field team noted that, with the cooperation of the Government of Brazil, UNDP and donors intended to begin organizing meetings together. Some donors praised the efficiency and effectiveness of UNDP. Despite relatively low levels of bilateral aid, owing to Brazil's relatively advanced development status, donors were potentially important development partners because of their concentrated focus on global issues such as HIV/AIDS and deforestation of the Amazon. Donors also valued cooperation with UNDP in addressing Brazil's social inequities and in improving Brazil's commercial and investment climate in support of donor business interests. Some donors were concerned about the increase in non-core resources for UNDP on a global level, particularly the possibility that such an increase could lead to a decrease in core contributions.

Non-governmental organizations and the private sector

18. The team found that UNDP has focused on increasing the contribution of NGOs to national capacity for development. The role of UNDP as mediator has helped to maintain relatively good relations between NGOs and government entities. During the team's visit, a number of NGO officials praised the UNDP role in facilitating service delivery. In some cases, the bonds between UNDP and NGOs are so strong that NGO personnel identify themselves as UNDP employees. NGOs play an important role in the UNDP strategy of initiating pilot projects for replication on a wider scale. NGOs have played a particularly important role as executing and implementing agencies in UNDP environmental and human rights projects. Cooperation with the private sector is concentrated in UNDP assistance within the framework of the Montreal Protocol in promoting environmentally friendly industrial practices and products.

V. UNFPA CHALLENGES DURING GOVERNMENT DECENTRALIZATION

19. Brazil's major reproductive health problems include high rates of maternal mortality, abortions (about one for every two live births, and virtually all illegal and unsafe), adolescent pregnancies, caesarian deliveries (36 per cent of all births), and HIV/AIDS (the second highest number of reported AIDS cases in the world); lack of male involvement; and contraceptive options generally restricted to female sterilization and birth control pills. Most of these problems are especially pronounced in Brazil's poor north-eastern states where,

for example, maternal mortality is 300 per 100,000 live births - higher than in Peru or the Philippines and almost three times higher than in the south-east of the country.

20. Brazil has never had a national population policy, although various government policies and programmes anticipated many later International Conference on Population and Development (ICPD) recommendations. The Government believes that the post-ICPD creation of the National Commission on Population and Development (CNPD), together with the National Comprehensive Women's Health Programme and National Council for Women's Rights - both predating ICPD - provide an adequate framework to address strategies for implementing the ICPD Programme of Action.

21. The team noted the challenges that governmental decentralization in health services pose for UNFPA. The Federal Government is transferring responsibility for health services to states and municipalities and responsibility for primary health care entirely to municipalities. Administrative and technical capacity falls short of this task in many states and many more municipalities, as do funding transfers, particularly given the national health policy of providing all benefits and services free of charge. The poorer states and municipalities are especially underfunded, considering the greater extent of their reproductive health needs and their more limited scope to raise supplemental tax revenues from their poor constituents. The Federal Government still controls the allocation of the bulk of health funds, since many municipalities have not been state-certified as prepared to administer health services.

22. The UNFPA 1998-2001 Brazil programme has two subprogrammes. The first, with $6.2 million (including $1.0 million in non-core resources), aims to improve the quality of and access to reproductive health services, especially for adolescents, in three of the neediest states in the north-east. The second, with $2.2 million, works to increase awareness of population and development issues, including through socio-demographic data support (much like UNDP advocacy, using the disaggregated HDI). In Brazil's current difficult health sector context, the team believes this strategy provides the right programme focus.

23. The team visited UNFPA-supported projects intended to increase capacity to deliver reproductive health services; provide sex education, including for adolescents; develop a family life education programme; and provide education in reproductive health, gender and family. A range of executing agencies are involved: state-level ministries, a national private sector entity serving industrial workers, and the National Confederation of Agricultural Workers. The team observed that the pilot programmes are structured to be readily replicated in other locales, and that the entities involved all have broad networks and facilities that can be tapped for project expansion. The team particularly appreciates UNFPA work with the agricultural workers union, which reaches a large number of men in rural areas where domestic and sexual violence are major problems.

24. UNFPA financial support to key national NGO networks, as described to team members, helped those NGOs play a key role in the passage of the family planning law legalizing additional contraceptive method choices (a major reproductive

health concern). UNFPA also worked with NGOs and the Ministry of Health to ensure that alternative methods would be reimbursable, and with the National Commission on the Rights of Women to examine the causes of Brazilian women's heavy dependence on sterilization to control fertility. Good NGO/government relations have influenced CNPD work on ICPD implementation; the NGOs also support citizens' rights, women's rights and improved reproductive health.

25. The team found that, because cost-sharing is not a feature of UNFPA operations, the Fund in Brazil maintains a more typical operating relationship with national entities than the one UNDP has developed. The UNDP mediating and guarantor role in government programmes and in World Bank/IDB projects is not appropriate for UNFPA. Consequently, although the World Bank and IDB have provided very substantial assistance in the health sector, the Fund has not had the scope to become very involved in those entities' project execution. However, the team was informed that UNFPA will be involved in the World Bank's nationwide AIDS II project, and is discussing focus and modalities with the Ministry of Health.

26. The team notes the UNFPA Representative's view that the logistical framework is very labour intensive but not very flexible for a programme such as Brazil's, with many small projects that cut across various issues. The Representative also expressed concern about the logistical framework's ability to encompass non-traditional arrangements - for example, large-scale cost-sharing under the AIDS II project that would require much broader objectives and verifiable indicators - which UNFPA/Brazil has begun to explore to leverage its limited resources. However, the team was not able to consider this issue during its visit.

VI. GENERAL OBSERVATIONS

UNDP

27. General observations include:

(a) The team concluded that the UNDP programme in Brazil is remarkable for its success in increasing the impact and efficiency of government and development bank funding and in pioneering readily replicated SHD programmes. The team found that the UNDP programme in Brazil is fully in line with the CCF;

(b) The team encourages UNDP to proceed with its plans to develop an UNDAF for Brazil in 1999, in order to maximize field-level coordination and complementarity of United Nations agencies. However, the team believed that over the longer term, the UNDAF may not be fully appropriate in its present form in: (i) a country such as Brazil, where a number of United Nations agencies are highly dependent on non-core funding and (ii) NCCs in general;

(c) The team believes that a programme as large as Brazil's should have more frequent review by the Executive Board and UNDP headquarters than is currently required, given both the added risks of a larger programme and the added potential from disseminating lessons learned;

(d) The team recognizes the likelihood that the growing demand for UNDP services will increase programme levels, particularly as a result of requests from municipalities. As such, the team believes that UNDP will need to be increasingly vigilant to ensure that individual programmes are designed and implemented with clearly defined exit strategies;

(e) The team found that the UNDP programme was a significant factor aiding Brazil's own support for technical cooperation among developing countries;

(f) The team believes UNDP (either headquarters or the country office) should prepare a study on the net impact on the United Nations system of creating a United Nations house, both in financial terms and in terms of opportunities gained and lost in operational effectiveness.

UNFPA

28. General observations include:

(a) The team found that the UNFPA programme focus on a few states within the country's poorest region effectively targets UNFPA limited resources on areas of the greatest need;

(b) The team commends UNFPA reproductive health projects for their replicability and use of public, private sector, and NGO entities with large networks available for project expansion and sustainability;

(c) The team found that UNFPA support to key national NGO networks has provided effective advocacy for implementing the programmes of action of ICPD and other relevant United Nations conferences;

(d) The team believes that current inequities in the provision of health and reproductive health services merit UNFPA advocacy, especially at the national level, for more needs-based resource transfers by the Government to poorer states and populations;

(e) The team encourages enhanced information sharing and, where appropriate, project collaboration with other donor entities in Brazil.

Notes

[1] H.E. Dr. Zamira Eshmambetova, Permanent Representative of Kyrgyzstan to the United Nations and H.E. Aleksandr Sychov, Permanent Representative of Belarus to the United Nations were coordinators. Mr. David Searby, Adviser, Permanent Mission of the United States of America to the United Nations and Dr. Jana Simonova, Counsellor, Permanent Mission of the Czech Republic to the United Nations were selected as rapporteurs.

[2] The 1997 per capita GNP for Brazil was $4,720 and $4,430 for Hungary.

[3] According to 1995 data, Poland's HDI was 0.851 and Hungary's was 0.857.

[4] In a broader sense, UNDP programmes fall into three categories of projects: accomplished or terminated programmes (including AIDS, civil aviation, telecommunications, electronic voting, energy conservation, Internet and software industry development); continuing programmes (including state reform, privatization and public sector management, education, health, environment, local development, agricultural development, minority groups, human rights, science education, science and technology); and possible future programmes (including political reform, judiciary reform, municipal fiscal reform, and social security reform).

[5] Under cost-sharing and national execution, the Government can transfer its own budgetary resources or other multilateral funding to UNDP so as to enlist UNDP assistance in the implementation of the Government's programmes. At a charge of 3 per cent, UNDP shares its know-how, expertise, and international network, assisting in project design, monitoring, and evaluation. A national execution support unit within the Ministry of Foreign Affairs (the Project Administration Unit or UAP) will procure and disburse in local currency while UNDP handles foreign currency. UAP is a UNDP/government project at the Brazilian Cooperation Agency (ABC), a part of the Ministry of Foreign Affairs. UAP was set up in 1990 and has been and is still financed from government cost-sharing and limited target for resource assignment from the core (TRAC) resources. UAP provides consolidated financial data to the Brazilian Government on all UNDP projects and generates economies of scale by serving UNDP and several other United Nations agencies. The UAP project was approved by the Executive Board in 1992 (decision 92/25) under the fifth country programme (1992-1996) and is now implemented under the first CCF under the thematic area of governance and the establishment of a modern and efficient state.

[6] Several UNDP partners pointed out that one of the advantages of the involvement of UNDP also lay in its ability to procure outside the complex governmental procurement system, which is often subject to court challenges.